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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - March 28, 2008

¶1. The following are brief items of interest compiled by Embassy Minsk.

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##### Civil Society

¶12. Protestant Pastor Charged

The Minsk city prosecutor's office issued administrative charges to New Life Church (NLC) Pastor Vyacheslav Goncharenko March 24 for organizing a signature campaign to petition amendments to the 2002 religion law. Prosecutor Yuriy Karpitskiy informed Goncharenko that the campaign violated regulations concerning individuals' ability to initiate changes and amendments to enacted legislation. On March 21, similar charges were brought against NLC lawyer Sergey Lukanin. In addition, Goncharenko is facing a fine of up to BYR 700,000 (USD 325) for denying utility inspectors access to the NLC building.

¶13. Gomel Opposition Youth Sentenced to Jail

A Gomel district court sentenced opposition youth activist Andrey Tenyuta to 10 days in jail March 21 for violating the public order. Police detained Tenyuta the previous day when a stranger attempted

to attack him. The activist maintained the assailant was "most likely a freelance BKGB agent" ordered to provoke him in order isolate him ahead of the March 25 Belarusian People's Republic 90th Anniversary demonstration.

#### ¶4. Residents Protest Chemical Plant Construction

Residents of the southeastern town of Druzhniy rallied March 22 to protest the scheduled construction of a chemical manufacturing and fertilizer recycling plant near the town. Civil society activist Nikolay Pokhabov noted that over 500 people came out to demonstrate and "say no to poisonous chemicals." Police officers observed the rally but did not intervene. The demonstrators announced plans to initiate a local referendum and erected a cross at the construction site. They earlier submitted a petition to Aleksandr Lukashenko signed by 1,000 residents calling for a halt to construction and expressing concerns about potential health risks.

#### ¶5. GOB to Send Military Specialists to Venezuela

Deputy Chief of the Belarusian Armed Forces General Staff Pyotr Tikhonovskiy announced at a March 25 press conference that Belarusian military advisors and experts will visit Venezuela to assist Caracas in improving its air defense and electronic warfare system. The visit is part of a bilateral agreement Aleksandr Lukashenko signed during his official visit to Venezuela in December 2007. Tikhonovskiy noted about a dozen military specialists will visit in 2008, with larger groups to follow.

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#### Domestic Economy

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#### ¶6. Budget Surplus 10.2 Percent of GDP

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A Finance Ministry official announced March 24 that the country's central budget showed a surplus of USD 766.4 million in January and February. Central budget revenues increased 18 percent while expenditures increased 13 percent.

#### ¶7. Overall Tax Burden Rises

Belarus' Tax Ministry announced March 25 that the overall tax burden on the country's economy in 2007 increased 1.6 percent to 47.3 percent of GDP. Indirect taxes decreased by 1.3 percent to 16.5 percent of GDP, while the share of direct taxes edged up one tenth of one percent to 9.3 percent. Other taxes amounted to 9.8 percent of GDP and transfers to the Social Security Fund remained steady at 11.7 percent of GDP.

#### ¶8. Number of Loss-Making Businesses Declines

Belarus' Statistics Ministry announced March 25 that the proportion of loss-making businesses decreased to 16.6 percent as of February 1, down from 21.9 percent a year ago. For industrial businesses, 20.9 percent operated at a loss, down from 28 percent in 2007. For the agricultural sector, according to GOB reports, only 8 percent operated at a loss, down from 14.6. The average return on sales in January was 13.8 percent, up from 11.7 percent a year ago.

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#### International Trade

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#### ¶9. Korean Business Delegation Arrives

Prime Minister Sergey Sidorskiy received a delegation of South Korean businesspeople March 24 to discuss cooperation with Korean car manufacturers. According to Sidorskiy, Belarus hopes to establish joint enterprises for manufacturing trucks, truck components and other products in Belarus. Sidorskiy also announced plans to meet with the CEO of Korea's LG Group to discuss a new liquid crystal display assembly project in Belarus. Also during the visit, Belarusbank, Belarus' largest financial institution,

signed a memorandum of cooperation with GoodMorning Shinhan Securities, one of Korea's largest securities companies. The Prime Minister visited Korea in late 2007, to discuss investment opportunities offered by Belarus in the energy and banking sectors.

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110. Quote of the Week  
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Valentin Sukalo, Chariman of the Supreme Court, apparently ignoring his own suggestions:

"Our system of punishment should not only be based on law, but should be supported by the people. Considering that 88 percent of crimes are non-violent, imprisonment should be applied sparingly."

Moore